Secu. II-27—40,000—27-10-48.

Food & Ag. (1949.) Department.

Ms. SERIES.

G.O. No. 877

Dated 2-9-49.

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*[Despatch Abstract.]

Budget for 1949-50 - Provision for Agricultural Inadequac
when copared to other Provinces - Papers Recorded.

Confidential.

No.1-26/49,
Government House,
Ootacamund,
Dated 23-7-1949.

Dear Mr. Shetty,

In his Fortnightly letter to the Governor-General, His Excellency the Sri Mangalads Pakvasa, Governor of Central Provinces and Berar, in referring to the grow-more-food campaign, had sent a statement showing the annual estimate of expenditure for 1949-50 and the estimated expenditure on agriculture during the same period for all the 9 Provinces. He has sent a copy of this also to the Governor of Madras (it is customary to do so for all neighbouring Provinces). I am attaching a copy of this statement and His Excellency notes that Madras has the least percentage i.e. 2.4%. His Excellency does not know whether this statement is correct but if it is, he will be obliged if you can show this letter to the Hon'ble Premier also as, in his opinion, it seems necessary that we should do something to improve our percentage which compares unfavourably with all other Provinces. His Excellency the will be obliged for a reply.

Yours sincerely,
Sd/- P.Govindan Nair.

To
The Hon'ble Sri A.B.Shetty,
Minister for Agriculture.

Statement showing the percentage of expenditure on Agriculture of each Province in the Indian Dominion.

of the Province	Annual estimates of expenditure for 1949-50. T.Rs	Estimated expenditure on Agriculture during 1949-50 T.Rs	Percentage of expenditure on agricultur
1. Central Provinces & Berar.	18,79,58	1,02,14	5.4%
2. Bombay Presidency	56,19,71	3,59,36	6.3%
3. Madras Presidency	55,66,08	1,36,24	2.4%
4. United Provinces	55,58,12	4,03,32	7.2%
5. West Bengal	32,93,95	2,60,64	7.9%
6. Bihar	19,17,35	1,18,90	6.2%
7. Orissa	8,76,09	48,35	5.5%
8. Assam	9,52,35	52,28	5.4%
9. East Punjab	22,91,72	70.71	3.08%

FOOD (J) DEPARTMENT

D.O.No.28892 (A)J/49-2, dated 23-8-49.

Dear Mr.Govinda Nair,

Sub: Budget for 1949-50 - Provision under "40.Agriculture" - Inadequacy of.

Ref: Your D.O.No.1-26/49 dated 23-7-1949.

The figures furnished in the statement showing the expenditure under "40- Agriculture" in the different Provinces enclosed with your letter cited, are correct. But the several items of expenditure included under the major head"40-Agriculture" vary from Province to Province. For instance, in the West Bengal budget, purchase of manure, fertilisers etc. and the corresponding sale to the Public are shown under "40 agriculture" and "XXIX-Agriculture" respectively, while in Madras the purchase as well as the sale of manure, fertilisers etc. is shown under "85. Capital Outlay on Provincial Schemes for State Trading". Again the expenditure onwell subsidy schemes, repair and restoration of tanks etc. is included under "40-Agriculture" in some of the Provinces such as Bombay, United Provinces and Bihar, while similar expenditure of this Province is included under other major heads viz. "25. General Administration", "18.Irrigation" etc. A comparison of the figures furnished in the Statement enclosed with your D.O cited may not therefore give a correct view of the position.

2. In view of the different accounting procedure obtaining in the different Provinces, it can be argued that if the provision of Rs.240 lakhs made in our budget on account of well subsidy schemes and tank restoration and improvement of channels and a net expenditure of Rs.22 lakhs provided for the distribution of manures, fertilisers etc. are taken into account, the expenditure on ' Agriculture' will work out to 7 % nearly of the total estimated expenditure for the year. It has also been suggested that 'irrigation' and 'cattle improvement' are closely allied to 'agriculture development' and that if the expenditure on these items are also taken into account, the expenditure on 'agricultural development' in this Province will be about 12.8% of the total estimated expenditure and will compare quite favourably with the corresponding figures of the other Provinces as will be evident from the enclosed statement.

3. But, the provision of Rs.136.24 lakhs under '40. Agriculture' for this Province in which thenet area under crops is over 35 million acres, works out to only about 0-6-0 per acre. If the population is taken into consideration, it works out to only about 0-4-0 per capita per annum. It has therefore to be considered that the provision in the current year's budget for this Province which is wholly dependent on the vagaries of the monsoon, is not adequate. This fact has also been commented on by some of the Members of the Assembly while debating on the grant. Thus, while it cannot be seriously disputed that we are not spending on 'Agriculture' as much as we ought to, it would be fallacious to draw any inferences with reference to budget estimates alone.

Sd/-xxxxxxxx,
19-8-49.

To

P.Govindan Nair Esq.,I.C.S,
Private Secretary to Governor,
Government House,
Guindy.

Statement showing the percentage of expenditure on Agriculture(including Veterinary Department) and Irrigation) of each Province in the Indian Dominion.

Name of Province.	Annual estimates of expenditure for 1949-50. (thousands of Rupees.)	Estimated expenditure on Agriculture, veterinary and Irrigation during 1949-50. (Thousands of Rupees).	Percentage of expenditure on Agriculture on Veterinary and Irrigation.
1. C.P.Berar	18,79,58	1,15,01	6.1
2. Bombay	56,19,71	5,17,31	9.2
3. Madras.	55,66,08	7,14,07	12.8
4. U.Province.	55,58 12	9,36,74	16.8
5. West Bengal.	32,98,95	2,51,10	7.6
6. Bihar	19,17,35	3,22,80	16.8
7. Orissa	8,76,09	1,05,73	12.1
8. Assam	9,52,35	74,86	7.8
9.E.Punjab.	22,91,72	2,25,98	9.9

BUDGET ESTIMATE, 1949-50

Statement comparing the provision made for agricultural development including irrigation, in the several Provinces in India

Head of Account.	Orissa	West Bengal	Assam	Madras	Bombay	East Punjab	United Provinces	C.P.& Berar.	Bihar.
Revenue Account.	Rs lakhs.	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs.	Rs lakhs	Rs lakhs.
XVII. Irrigation-working expenses.	15.29	16.94	--	90558	33.71	107.02	246.55	--	27.8894
18. Irrigation	29.69	87.60	15.41	271.61	62.51	24.35	58.24	29.93	104.27
19. Irrigation	1.85	--	--	10.15	-	-	91.49	--	57.78
25. General Administration-Well subsidy scheme	-	-	-	140.00@	-	-	-	--	-
40. Agriculture	48.35	260.64*	52.28	136.24	359.36g	70.71	403.32x	102.14	118.90 @
41. Veterinary	10.55	13.65	7.17	43.64	20.72	23.90	137.14q	32.39	13.91
63. Extraordinary charges- (Purchase of manure etc. transferred from 85.A.)									
Manure	-	-	-	275.34	--	-	-	81.62	-
Seeds	-	-	-	84.36	181.75	27.70	-	-	-
Iron & Steel	-	-	-	65.15	50.00	-	-	-	-
Potatoes (Extension of cultivation)					70.00	-	-	-	-
Total.	105.73	378.83	74.86	1117.07	778.25	253.68	936.74	246.08	322.80
Deduct-Sale proceeds of manure etc.	--	127.73	--	-403.00	-260.94	-27.70	-	-131.07	-
Net Total- Revenue Acct.	105.73	251.10	74.86	714.07	517.31	225.98	936.74	115.01	322.80
Capital Account									
68. Irrigation.	577.72	421.24	-	400.36	125.52	815.06	209.35	-	2.39
Grand Total.	683.45	672.34	74.86	1114.43	642.83	1041.04	1146.09	115.01	325.19

* Including cost of manure, seeds etc. @ Including special staff. 'g' Includes Rs.40 lakhs for well subsidy schemes Rs.41.75 lakhs for purchase of sulphate of ammonia.

Q Includes expenditure on Experimental cattle farms and fisheries.

x Includes Rs.93.70 lakhs on colonisation sehemes and Rs.22.69 lakhs for transfer to sugar research and Labour Housing fund and Rs.15 lakhs for development of tanks ; @ Includes expenditure on minor irrigation schemes.

Food Department.

Sub:- Budget for 1949-50 -"40. Agriculture" - Inadequacy of provision.

Letter No.1-26/49, dated 23-7-49 from the Private Secretary to His Excellency the Governor addressed to Hon'ble Minister (Agriculture).

A.S.I.

The budget estimate for 1949-1950, provides for a total expenditure of Rs.55,66.09 lakhs on Revenue Account. Provision has been made for an expenditure of Rs.136.24 lakhs during the currrant year under " 40-Agriculture" (Grant XVIII). The expenditure on "Agriculture" works out to 2.45% of the total estimated expenditure for the year. The figures furnished in the letter on page 1 c.f. in respect of this Province are correct.

2. The following figures indicate the progress of expenditure since 1944-45, under "Agriculture" excluding expenditure on buildings:-

Year.	Expenditure in lakhs. Rs
1944-45	48.11
1945-46	74.06
1946-47	105.70
1947-48	116.93
1948-49	193.10 (Revised estimate)
1949-50	136.24 (B.E)

It will be seen that expenditure on "Agriculture" has been progressively increasing, but that the provision made in the current year's budget is less than that made during the previous year by Rs.56.86 lakhs. The increase in the R.E for 1948-49 was mainly due to the provision made for the payment in that year, of the cost of pump sets, oil, engines, pipes, lorries, sheds etc., supplied in the previous year but left unadjusted in the accounts of that year. It was also due to a larger expenditure on the Agricultural College, Bapatla and the Agricultural school, Orthanad, partly off set by lesser expenditure in respect of certain schemes, such as seed multiplication scheme , purchase and distribution of seeds, manures etc.,

The main increases and decreases in the current year's budget estimate as compared with the R.E for 48-49, will be as shown at 'A' on page 84 of the Budget memorandum. The absence of the arrear adjustment and the smaller provision made for the purchase of additional pump-sets sets, oil engines, pipes etc., account for the decrease in the Budget Estimate for the current year.

It may also be noticed that the provision made under "Agriculture" takes into account a lump sum deduction of Rs.6.24 lakhs on account of retrenchment to be effected in the Department. It is submitted that the proposals submitted by the Director of Agriculture for the retrenchment of certain staff are separately under consideration.

3. It is submitted that in the course of the discussions in the Assembly on the demand under "Agriculture on 11th and 12th March 1949, some of the members have pointed out the inadequacy of the provision under "Agriculture". Extracts from the speeches of some of the members

Cont.

members regarding the inadequacy of the provision, are given below:

(a) H.S.Hussain Sahib Bahadur: I wonder, Sir, why the Government are not attaching the importance that this subject deserves. It is the mainspring for all other activities of the Government and also the people. I find in the present budget a provision that is less than what it was last year.

(b) Sri B.Venkataratnam: " The Agricultural Department was started long ago, but it has had a stunted growth. But now when the country is faced with the food problem i.e., deficit of food, a little more attention has to be paid to this department, but that is not even one per cent of the requirements of the Agricultural Industry. Even so, agriculture has a low place in the economic structure of our country....."

(c) S.Md.Ismail Sahib Bahadur: "Sir, for this year we have got Rs.1,36,00,000 of rupees provided for expenditure on this item I find that this Department has been expanding every year. In spite of this, I find that for this year, one-third of the amount provided for the last three years has been reduced. I do not know whether the reduction has been necessitated as a measure of economy or the Government have implemented the recommendations of the R.R.Committee. If there is nothing of that sort, I shall tell the Minister that he failed in his duty to impress the Cabinet to give more than this paltry sum of Rs.1,36,00,000/- rupees".

(d) Sri G.Kumaraswami: " Most unhesitatingly and whole heartedly I support the Demand.....Gladder still would I have been if a much larger amount had been provided for this Demand, because agriculture is an all-important item".

(e) Sri V.C.Palaniswami Gounder: " On the whole I ~~XXXX~~ find that the provisions made in that budget are not ~~budget~~ adequate. Rather I will say, it is a disappointing ~~item~~."

4. In this connection it is submitted that provision has been in the current year's budget under Demand XXXVIII for the following items of expenditure in connection with "Grow More Food".

	Amount provided. Rs
(1) Purchase and distribution of paddy and other seeds.	15,85,800
(2) Purchase and distribution of manure.	1,83500
(3) Purchase and distribution of Iron and Steel for Agricultural implements.	4,15,200
	21,84,500

5. With reference to 'M' on page 1 c.f. it is submitted that if it is considered that an increase in the expenditure under " Agriculture" would be necessary with

continued

necessary with a view to increase food production during the current year, the entire question may be further discussed with the Director of Agriculture for evolving definite proposals.

Finance may perhaps see before circulation.

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The plain fact is that before the war the Agricultural Department has been the Cinderalla and not much attention was paid to the needs of the ryots. The dictum tha only wars put agriculture on its feet, became true in this country also and not until Burma fell dead the country awake to its alarming food shortage. This province which depended to a large extent on Burma rice imports was particularly hit. The activities of the Agriculture Department were immediately expanded and this Province was about the first to start a food production campaign. The expenditure on the Agriculture Department from then steadily increased from Rs.48 lakhs in 1944-45 to Rs.193 lakhs in 1948-49 and to Rs.136 lakhs in 1949-50. The present provision of Rs.136 lakhs for a Province in which the net area under crops is over 35 million acres works out to about Rs.0/6/0 per acre per year. If we take the population into consideration, the expenditure is about Rs.0/4/0 per year per capita. These ratios are utterly inadequate for a province which is mainly agricultural which has a wide variety of crops and which is wholly dependent on the vagaries of the monsoon. Last year there was a feeling that the agriculture Department had needlessly expanded and suggestions were made from many quarters that no more money was worth spending. The recent announcement of the Government of India that Provinces should try to become selfsufficient by the end of 1951 and that food imports would be completely stopped has completely altered the picuture. Food production, whether in War or Peace, is the first and foremost function of Agriculture and that function cannot be fulfilled, if we think that we can produce more food with a nice pair of treasury scissors. Money has to be pumped into the villages where the poverty of the soil and the poverty of the ryots make agricultural production a hopelessly difficult task. A Two Year Plan of food production has been drawn up, which involves a net expenditure of about 5½ crores in 1949-50 and 1950-51. This plan it must be confessed is not a revolutionary plan, which is going to alter materially the economic position of the Province. Its professed aim is only avoidance of imports of food from abroad for the time being from 1951. It does not take into account the increase in population and nutritional standards. It is miles behind gigantic schemes conceived in the Bombay plan or the Kharegat Scheme, which would depend for its finance on created money or borrowings. Even so, the problem of increasing the expenditure on agriculture in however small a measure must be the foremost point in any plan of economic reconstruction and it is a matter to be taken up at a high level like the Economic Sub-Committee of the Cabinet.

There are long term plans and we too have ours like the Tungabhadra and the Ramapadasagar Projects.

Sd/-xxxxx.

As regards the other points raised in the D.O. of the Private Secretary to His Excellency the Governor viz., that other provinces are spending more than Madras, no useful remarks could be offered without an examination of the budgets of the other provinces, in order to find out in which direction the other Provinces are spending more than normal. It must be remembered that the agricultural service in other Provinces were not till recently been improving their organisation and naturally incurring more expenditure.

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For example, some Provinces had no Agriculture Colleges while others did not have any plant protection service worth the name. Another point is, that some provinces appear to be spending a lot of money on land reclamation, e.g. United Provinces has a big project for land reclamation, W.Bengal is also not as much developed in agriculture as certain other Provinces. There is no wonder that agriculture expenditure in the U.P and W.Bengal are 7.2 and 7.9 per cent of the total expenditure on revenue account. It may also be mentioned that the Government of India are giving to W.Bengal and certain other Provinces 75 per cent of the subsidy on Grow More Food Schemes while they are giving only 50 per cent to better advanced Provinces like Madras.

Finance Department may be requested to offer their remarks on the points raised in the Private Secretary to His Excellency the Governor's letter.

Sd/-xxxxx xx,
26-7-49.

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Finance may perhaps be able to say whether the procedure for accounting and the classification of expenditure are uniform for all the Provinces.

Sd/-xxxxxxxx,
27-7-49.

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Finance (B.G) Department.

Please see the D.O. in the c.f. and the notes of the Food Department on page 1-6 above.

2. The statement showing the percentage of expenditure on Agriculture of each Province in the Indian Dominion has been checked with the concerned Provincial budgets and found correct. But the several items of expenditure included under the major head "40.Agriculture vary from Province to Province. For example in the West Bengal budget, purchase of manure, fertiliser, etc., and the corresponding sale to the public are shown under "40. Agriculture" and "XXIX- Agriculture" respectively. In Madras the purchase as well as the sale of manure, seeds etc., is shown initially under "85.A.Capital outlay on Provincial schemes of State Trading". Expenditure on well subsidy schemes, repair and restoration of tanks etc. is included under "40.Agriculture" in some Provinces (for example Bombay, U.P., Bihar Etc.,) while similar expenditure of this Province is included under other major heads viz., "25. General Administration", "18. Irrigation" etc. Thus it will be seen that the statement on page 1.c.f. which which is prepared merely on the basis of figures shown under the major head "40. Agriculture" in various Provinces does not give a correct picture of the position. The provision made in our budget on account of well subsidy scheme and the expenditure on tank restoration and improvements to channels, spring ponds tanks etc., come to Rs.240.lakhs . A net sum of Rs.22 lakhs is included towards purchase and sale of manure etc. for distribution to ryots under "85. Agriculture" If these items are added to the Provision of Rs.136 lakhs made under "40.Agriculture" the total expenditure provided for agricultural purposes will be Rs.398 lakhs.

Cont.

The percentage to the total annual estimated expenditure of the Province will then be about 7%.

3. It will be seen from para 2 above that there is no uniformity in the classification of the expenditure relating to Grow More Food campaign among the various Provinces. Though West Bengal's budget gives the highest percentage (viz. 7.9) on Grow More Food expenditure falling under "40. Agriculture" their total expenditure on Grow More Food schemes is only Rs.167.93 lakhs (Rs.164.43 under '40- Agriculture' and Rs.3.50 lakhs under '18-Irrigation). The total provision made in our budget on account of G.M.F campaign is Rs.409.65 lakhs. which is more than twice the West Bengal's provision. With these remarks, the case may be returned to the Food Department.

4. As pointed out in the office note above, a comparison of the Provincial figures relating to the major head, "Agriculture" alone (as given on page 1 c.f.) is misleading, on account of the variation in the accounting procedure followed in different Provinces. Expenditure on Irrigation and cattle improvement is closely allied to Agricultural development, and it should also be taken into account.

5. The statement on page 1. flag (K) gives figures for all Provinces, allowing for the above factors.(Further details are on page 2 of the statement) This shows that the percentage of the expenditure on agricultural development to total expenditure on revenue account in the Budget for 1949-50 is as high as 12.8 in Madras and that the percentage is higher only in the U.Province and Bihar. (The United Provinces Government have provided nearly Rs.1 crore for colonisation schemes).

It should also be remembered that it is unsafe to draw conclusions on the basis of one year's budget estimates alone. On the whole, it may be concluded that the provision in Madras for agricultural development is not low at present.

Sd/-xxxxxxxx,
5-8-49.

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Food (J) Department.

Notes from page 1 above may be perused.

2. The statement showing the percentage of expenditure given on page 1 c.f. has been checked by Finance and found to be correct.

3. The Finance Department have stated that the several items of expenditure included under the major head "40. Agriculture vary from Province to Province and does not therefore give a correct picture. They have pointed out that as in some other Provinces, if the provision made on account of well subsidy scheme and expenditure on improvement of tank restoration and improvement to channels and also distribution of manure etc. is taken into account, the expenditure provided for agricultural purposes will work out to about 7% of the total estimated expenditure. They are of opinion that expenditure on Irrigation and cattle improvement is closely allied to agricultural Development and have pointed out that if these items also are taken into account, the expenditure in this Province on Agricultural Development to the total expenditure on revenue account in the Budget Estimate. 1949-50, ~~work out~~

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work out to 12.8% and that it would compare favourably with the corresponding figures of the other Provinces except Bihar and United Provinces - vide statement on page 1 'K'. On the whole, Finance are of opinion that the provision in Madras for "agricultural development" is not low at present.

For Orders.

I do not think we can agree with Finance. Statistics are not necessary to satisfy outselves about so know fact viz. that more should be spent for Agriculture.

Sd/-xxxxxxx,
10-8-49.

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While it cannot be disputed seriously that we are not spending on agriculture as much as we say to do. It seems wrong to draw any inferences with reference to budget estimates and expenditure above, as explained by Finance above. A detailed reply on the above lines may be sent to Private Secretary to His Excellency the Governor. If approved draft will be put up.

Sd/-xxxxxxxx,
11-8-49.

Yes, a draft may be put up.

Sd/-xxxxxxxx,
15-8-49.

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With reference to orders in circulation above, a draft D.O to the Private Secretary to His Excellency the Governor is submitted. This may be circulated to Hon'ble Minister (Agriculture) for approval. The file itself could perhaps be circulated to Hon'ble Minister now.

Sd/-xxxxxx,
19-8-49.

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The D.O. to Secretary to His Excellency may be approved and the file also submitted to His Excellency the Governor for perusal.

Sd/-xxxxxx,
22-8-49.

[Issued as D.O.No.28892 (A)J/49-2, dated 23-8-49]

With reference to orders at 'A' above, this may be now be circulated to His Excellency the Governor.

Sd/-xxxxxxx,
25-8-49.

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G.S.

His Excellency the Governor Has seen, thanks and is very grateful for the information given, which will be incorporated in his report to the Governor-General.

Sd/-xxxxxxx,
27-8-49;
Cont.

Food and Agriculture (J) Department

Please see the note of Governor' Secretary above. No further action is necessary in this case,. The papers may be recorded - G.O.Ms.877 (Food and Agriculture) dated 2.9.49.

B.O.Ms.No.877 Food & Agriculture dated 2-9-49.

O R D E R :

R e c o r d e d .

Sd/-xxxxxxxxxx,
1-9-1949.

Abstract:
Budget for 1949-50 - Provision for Agricultural inadequacy - when compared to papers other Provinces - Papers recorded.

/True copy/

R. Thiagarajan
Office Assistant, 7.9.49
Madras Record Office.

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